

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SS-15 IO-13 AID-05 STR-04 EB-07 COME-00

FRB-03 TRSE-00 OMB-01 XMB-02 OIC-02 PA-01 PRS-01

USIA-06 NSC-05 CIAE-00 INR-07 NSAE-00 /083 R

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APPROVED BY AO-ARA/ECP:JO'MAHONY

TREAS:OIDB:OASIA:AA DRESS

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P 222030Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY NASSAU PRIORITY

AMEMBASSY GEORGETOWN PRIORITY

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E.O. 11652: N/A

TAGS:IDB, EAID, EFIN

SUBJ: IDB MEMBERSHIP FOR BAHAMAS AND GUYANA

1. ON JUNE 24 AFTER EXTENSIVE DISCUSSIONS IDB'S BOARD OF EXECUTIVE DIRECTORS APPROVED FINANCIAL FORMULAS FOR SUBSCRIPTIONS TO ORDINARY CAPITAL AND FSO CONTRIBUTIONS OF BAHAMAS AND GUYANA WHICH ARE SEEKING MEMBERSHIP IN BANK. BANK MANAGEMENT HAS COMPLETED NEOGITATIONS WITH GUYANA WHICH HAS AGREED TO ENTRY FORMULA. EXECUTIVE DIRECTORS (EDS) HAD HOPED TO COMPLETE ACTION ON ADMISSION OF BOTH COUNTRIES ON JULY 22 BUT NEGOTIATIONS WITH BAHAMAS HAVE NOT BEEN CONCLUDED. BOARD WANTS TO ACT ON BOTH COUNTRIES AT SAME TIME BUT MAY MOVE AHEAD WITH GUYANA'S APPLICATION IF NEGOTIATIONS WITH BAHAMAS ARE NOT CONCLUDED SHORTLY.

2. TERMS OF ENTRY PROPOSED BY IDB ARE CONTAINED IN  
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FOLLOWING TABLE:

QUOTAS FOR BAHAMAS AND GUYANA"&"  
(MILLIONS)

ORDINARY CAPITAL

PAID-IN  
LOCAL

GOLD/D CURRENCY TOTAL PCT CALLABLE PCT TOTAL VOTE

BAHAMAS	3.6	3.6	7.2	30	16.9	70	24.1	0.25
GUYANA	2.2	2.2	4.5	24	14.1	76	18.6	0.20

FUND FOR SPECIAL OPERATIONS

LOCAL  
GOLD/\$ CURRENCY TOTAL

BAHAMAS	.3	6.2	6.6
GUANA	.3	5.0	5.3

"&"TOTALS MAY NOT ADD DUE TO ROUNDING.

3. BAHAMAS AND GUYANA WOULD PAY FUNDS TO IDB OVER THREE YEAR PERIOD. TOTAL CAPITAL SHARES FOR EACH COUNTRY ARE LESS THAN LEVEL OF EIGHT SMALLEST ORIGINAL COUNTRIES OF THE BANK (\$56.9 MILLION OR 0.48PCT OF IDB'S TOTAL SUBSCRIBED CAPITAL.) AT THE SAME TIME SHARES FOR BAHAMAS AND GUYANA ARE HIGHER THAN CURRENT LEVEL OF SMALLEST MEMBER, BARBADOS, (\$8.5 MILLION OR 0.14PCT OF TOTAL SUBSCRIBED CAPITAL.) ALTHOUGH PERCENTAGE OF PAID-IN CAPITAL OF BAHAMAS AND GUYANA IS HIGHER THAN CURRENT PERCENTAGE OF PAID-IN CAPITAL FOR EIGHT OTHER MEMBER COUNTRIES (APPROXIMATELY 14PCT), IT SHOULD BE NOTED THAT CHARTER MEMBERS JOINING IN 1960 PAID IN FIFTY PERCENT OF THEIR INITIAL CAPITAL SUBSCRIPTIONS. FIFTY-FIFTY DIVISION BETWEEN GOLD/U.S. DOLLARS AND LOCAL CURRENCY FOR BAHAMAS AND GUYANA IS STANDARD FOR ALL MEMBERS.

4. FOR YOUR INFORMATION, USG HAD PREFERRED MINIMUM ENTRY LEVEL AT LEAST EQUIVALENT TO LEVEL OF EIGHT ORIGINAL LIMITED OFFICIAL USE

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SMALLEST COUNTRIES. THIS PREFERENCE BASED ON OUR DESIRE TO ENCOURAGE MINI STATES TO CONSIDER ALTERNATIVES TO DIRECT MEMBERSHIP, I.E., BORROWING THROUGH CARIBBEAN DEVELOPMENT BANK. HOWEVER, LATIN AMERICAN DIRECTORS EXTREMELY CONCERNED ABOUT VOTING POWER IMPLICATIONS ARISING FROM MINIMUM ENTRY LEVEL THAT HIGH. CONCERNS CENTERED ON WEIGHTED MAJORITY DECISION-TAKING PROCEDURES TAKEN BY BOARD OF GOVERNORS AND COMPOSITION OF GROUPS ELECTING

EXECUTIVE DIRECTORS, ESPECIALLY CENTRAL AMERICA AND  
URUPABOL. IN FACE OF BOARD AND STRONG CONSENSUS AMONG  
LATIN AMERICAN DIRECTORS ON THIS POINT, U.S. AGREED TO  
LOWER ORDINARY CAPITAL SHARES FOR BOTH BAHAMAS AND GUYANA  
AND CONSIDERED THAT HIGHER PAID-IN PORTION STILL MET BASIC  
USG OBJECTIVE OUTLINED ABOVE.

5. FOR NASSAU. FOR POSSIBLE DISCUSSIONS WITH GOB YOU  
MAY WISH TO EMPHASIZE IMPORTANCE OF PER CAPITA GNP AND  
NOTE THAT ORIGINAL MEMBERS OF BANK PAID-IN 50 PERCENT OF  
TOTAL SUBSCRIBED ORDINARY CAPITAL WHEN BANK WAS ESTABLISHED.  
FYI. AMBASSADOR OF BAHAMAS SEEKING CONSULTATIONS WITH  
DEPARTMENT OF STATE REGARDING CONDITIONS OF ADMISSION  
TO IDB. END FYI. ROBINSON

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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